

MCI

**MCI Telecommunications
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Lisa B. Smith
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MAY 6 1999

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

May 6, 1999

EX PARTE

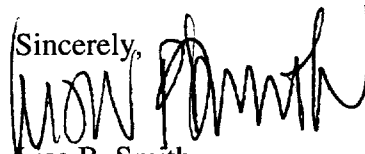
Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S. W.
Washington, D.C. 20554

Re: Applications for Consent to the Transfer of Control of Licenses and Section 214
Authorizations from Ameritech to SBC (CC Docket No. 98-141)

Dear Ms. Salas:

On behalf of MCI WorldCom, Inc., enclosed is a letter that was submitted to Robert Atkinson and Thomas Krattenmaker today. MCI WorldCom requests that this letter be entered into the record for the above-referenced docket.

In accordance with Section 1.1206(b)(2) of the Commission's Rules, an original and one copy of this notice are being submitted to the Secretary.

Sincerely,

Lisa B. Smith
Senior Policy Counsel

cc: Stagg Newman
Michelle Carey
Bill Dever
Michael Pryor
Jake Jennings
Elizabeth Nightingale

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VIA HAND DELIVERY

Robert Atkinson
Deputy Bureau Chief
Common Carrier Bureau
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Thomas Krattenmaker
Office of Plans and Policy
Federal Communications Commission
445 Twelfth Street, S.W.
Washington D.C. 20554

Re: Ex Parte

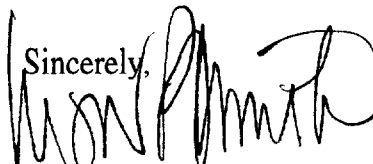
Applications for Consent to the Transfer of Control of Licenses and Section 214
Authorizations from Ameritech to SBC, CC Docket No. 98-141.

Dear Messrs. Atkinson and Krattenmaker:

Pursuant to your request, MCI WorldCom, Inc. ("MCI WorldCom") submits its proposed preconditions for consideration in the SBC-Ameritech merger docket.

MCI WorldCom maintains that SBC and Ameritech have failed to demonstrate that this merger serves the public interest. As such MCI WorldCom contends that the merger application must be denied. However, in order to address the issues raised by Chairman Kennard in his April 1, 1999 letter to Messieurs Notebart and Whitacre, we provide the Commission with proposed "pre-conditions" for consideration during the merger review process.

Should you have any questions regarding the enclosed list of pre-conditions, please feel free to contact the undersigned.

Sincerely,

Lisa B. Smith

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OFFICE OF THE SECRETARY

cc: Stagg Newman
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MCI WORLDCOM, INC.
PROPOSED PRE-CONDITIONS FOR THE PROPOSED
MERGER OF SBC AND AMERITECH

MCI WorldCom, Inc. believe that all of proposed conditions must be implemented before SBC and Ameritech are permitted to consummate their proposed merger. SBC and Ameritech must demonstrate compliance with each condition within specified periods of time and the Federal Communications Commission (the "Commission") must make a finding of compliance before the parties are authorized to consummate the merger. SBC and Ameritech shall demonstrate continuing compliance with each of these conditions via reports submitted to the Commission which should be subject to public notice and comment over very short time frames. These conditions shall apply to SBC and Ameritech and any ILEC owned or controlled by SBC or Ameritech, including affiliates providing data services.

- **TELRIC Pricing:** SBC and Ameritech shall assess their rates for interconnection, transport and termination, or unbundled network elements, including both recurring and nonrecurring charges based upon forward-looking, economic costs to provide those items according to the TELRIC methodology the Commission specifically described in its Local Competition Order and Universal Service Order, including geographic deaveraging. The rates established by using the FCC TELRIC methodology shall be ceiling rates. The permanent TELRIC rates determined in state regulatory proceedings in the Ameritech region shall be preserved. Any increases in rates in the three years following consummation of the merger must be approved by the FCC using this model and these rates shall not exceed the ceiling rates. If there is evidence that the cost of providing a UNE is less than the established rate, a CLEC may petition the Commission to review a particular rate, using the Accelerated Docket.

SBC and Ameritech shall modify existing contracts to reflect compliance with this condition immediately and must satisfy all necessary state filing requirements within 30 days of the FCC's merger order. All new contracts shall also contain provisions complying with this condition.

- **UNEs:** SBC and Ameritech shall make available on an unbundled basis, singly or in combination: local loops, the network interface device, switching, dedicated and shared transport, signaling systems, operations support systems, operator and directory assistance databases, dark fiber, xDSL equipped loops, subloop unbundling, Extended Link Service (ELS) and Enhanced ELS. SBC and Ameritech shall also comply with any FCC or state order regarding unbundling of any additional elements not listed here. SBC and Ameritech shall also make available all switched-based features, including all CLASS features available now or made available in the future.

SBC and Ameritech are also prohibited from assessing a fee or "glue charge" for the function or action of combining elements.

Any migration of customers to UNE-platform must occur without disconnection of a customer's service and without any requirement that a CLEC load data from the Line Information DataBase ("LIDB" is a shared database of calling permissions, such as inbound collect calling, calling card information etc.).

- **Advanced Services**

- (a) *xDSL-capable loops*: SBC and Ameritech shall be required to provide nondiscriminatory access to unbundled local loops capable of supporting all forms of xDSL (including, but not limited, to ADSL, ADSL-Lite, HDSL, SDSL), at TELRIC rates. The loops must be properly conditioned (free of load coils and bridged taps) at no additional cost to CLECs. SBC-Ameritech also shall offer a wholesale DSL product to CLECs.
- (b) *xDSL-equipped loops*: SBC and Ameritech shall be required to provide nondiscriminatory access to any access platform and/or access equipment that has been deployed to deliver high-speed services at TELRIC rates (as described in Condition 1). This shall include, but is not limited to, unbundled local loops equipped with an ILEC-installed DSLAM (which can be located in the ILEC central office or remote terminal) or Digital Loop Carriers capable of providing high-speed services. The point of interconnection for xDSL-equipped loops shall be either the back end of an SBC and/or Ameritech DSLAM or at the point closest to the CLEC's point of presence at the back end of an SBC and/or Ameritech ATM switch.
- (c) *Spectrum management*: SBC and Ameritech shall, in a nondiscriminatory manner, manage the spectral management of the copper network in accordance with the FCC Rules and Guidelines provided by T1E1.4.
- (d) *DSL Associated Electronics, Equipment, and Facilities*: SBC and Ameritech shall be required to provide CLECs access to any access platform and/or access equipment that has been deployed to deliver high-speed services, either at the central office or the remote terminal. Such access platforms, shall include, but are not limited to, DSLAMs or Digital Loop Carriers capable of providing high-speed services. CLECs shall also be permitted to use SBC and Ameritech's transport network, on either a shared or dedicated basis, from the DSLAM to a CLEC's point of presence. SBC and Ameritech shall also be required to provide access to its ATM network.
- (e) *Collocation*: SBC and Ameritech shall be required to permit, on a nondiscriminatory basis, collocation of all competitor's equipment for interconnection and/or access to unbundled elements in accordance with the Commission's rules.

- (f) *Loop Qualifying Database*: At a minimum, SBC and Ameritech shall provide access to the same loop qualifying database that it uses (via EDI). If that database cannot reasonable support competitors, they must upgrade to comply with industry standards or what is considered best practices.
- **Shared and Dedicated Transport**: SBC and Ameritech shall provide CLECs with nondiscriminatory access to unbundled local transport on shared interoffice transmission facilities at usage-sensitive rates, that are based on forward-looking, TELRIC rates (as described in condition 1).
 - **DA Data**: SBC and Ameritech shall provide bulk directory assistance data as a UNE on a nondiscriminatory basis at forward looking, TELRIC rates (as described in condition 1). SBC and Ameritech may not impose a requirement that a CLEC be certified in each state prior to obtaining access to the DA data. If a CLEC uses SBC and/or Ameritech DA platform, SBC and Ameritech may not use its own branding and may not prohibit CLEC branding.
 - **Intellectual Property**: SBC and Ameritech must include an express provision in future and existing contracts that gives all its UNE customers the same intellectual property protection that SBC and Ameritech enjoy by virtue of their contracts or right-to-use agreements from each and every outside vendor that may have claims to intellectual property embedded in the network element.
 - **Operations Support Systems (OSS)**: SBC and Ameritech must implement uniform Graphical User Interfaces (“GUP”) and uniform application-to-application interfaces for all operations support systems (“OSS”) functions (i.e., pre-ordering, ordering, provisioning, billing, and repair and maintenance) within the combined regions. These interfaces shall comply with the latest industry standards/guidelines developed under the auspices of the Alliance for Telecommunications Industry Solutions (“ATIS”).
- (a) The following definitions shall apply:

Uniform interface - A uniform interface must use precisely the same business rules, data formatting specifications, and transport and security specifications across the entire SBC and Ameritech regions, thereby enabling a CLEC to use an interface developed and implemented in one SBC and/or Ameritech state in every other SBC and Ameritech state.

Industry standard interface - An interface based on the ATIS industry standards must comply with the industry standards or guidelines. It must accommodate every industry standard field and valid value and must use only industry standard fields and valid values, except that the interface may deviate from the standards where necessary to provide CLECs with nondiscriminatory access to the relevant

OSS function.

Interface Implementation - An interface will be considered implemented only after it is proven by independent third-party testing and carrier-to-carrier testing to provide nondiscriminatory operational access to the relevant OSS function at commercial volumes of transactions, and to include a comprehensive and functioning change management process.

- (b) SBC and Ameritech must implement uniform Graphical User Interface (“GUT”) and uniform application-to-application industry standard interfaces throughout the joint SBC/Ameritech region before they are permitted to consummate the proposed merger, but in any event no more than 12 months after Commission approval of the merger application. SBC and Ameritech (and any of its LEC affiliates) shall use the same OSS that is available for the CLECs’ use in the combined SBC and Ameritech region.
 - (c) In order to ensure development and implementation of the required interfaces in a timely and efficient manner, SBC and Ameritech must submit a plan for Commission approval as part of the merger proceeding that includes: (i) a statement of which industry standard versions or releases they propose to implement as uniform, (ii) a detailed development and implementation schedule, with specific dates for reaching key milestones and including meaningful opportunities for CLEC input, and (iii) a change management process that will ensure no disruption of OSS access for CLECs during development and implementation and through a reasonable transition period into production using the new interfaces. This plan must also be subject to expedited notice and comment. SBC agrees to post a performance bond of \$500 million to ensure that its interfaces are uniform throughout the joint SBC and Ameritech region within the requisite time frame. If SBC and Ameritech fails to implement industry standard interfaces on a uniform basis throughout its region or to meet any of the deadlines provided in this condition, SBC and Ameritech will forfeit the performance bond and merger approval will be vacated. The Commission must approve the plan as part of the merger approval process.
 - (d) SBC and Ameritech must implement the latest industry standards no later than 90 days after ATIS approval.
- **Carrier-to-Carrier Testing:** SBC and Ameritech shall conduct carrier-to-carrier testing of its interfaces for obtaining access to OSS with carriers that request to engage in such testing. SBC and Ameritech shall agree to conduct such testing as soon as possible after a request from a carrier, and in any event, no later than 30 days after a request for such testing has been received. This carrier-to-carrier testing shall be conducted using commercial or noncommercial orders to ensure compatibility between the two carriers’

systems. The participating carriers shall determine the appropriate time period for the duration of such a test. SBC and Ameritech shall not limit the opportunity for carrier-to-carrier testing for any individual carrier. SBC and Ameritech must provide complete and correct documentation of all systems before any such testing is scheduled and/or completed.

- **Third-Party Testing:** SBC and Ameritech shall conduct independent third-party testing of their OSS systems that it implements throughout all of its territory. Testing must include the full spectrum of end-to-end OSS functions and processes: pre-ordering, ordering, provisioning, repair, maintenance and billing. The independent third-party should be selected by state commissions with input from interested CLECs and SBC and Ameritech. The independent third-party shall develop a detailed and comprehensive test plan, with input from CLECs, so that testing approximates real world conditions and includes the full spectrum of functions and processes, and ensures compliance with the terms set forth in these pre-conditions. CLECs must also be given the opportunity to comment on the implementation of the test plan as well as on the test results. CLECs should have access to all meetings, documentation, and communications shared between SBC, Ameritech and the third-party tester. Testing should culminate in a report to the Commission, interested state commissions, and interested CLECs. SBC and Ameritech shall bear the costs of third-party testing.
- **Section 271 - 14 Point Checklist:** SBC and Ameritech must obtain Section 271 approval for a majority of their states in both regions before merger consummation.
- **Section 272 Affiliates**
 - (a) SBC and Ameritech must have formally establish a Section 272 affiliate ("Section 272 affiliate") for each state it seeks Section 271 authorization at least three months prior to submission of a Section 271 application.
 - (b) Each Section 272 affiliate must provide information regarding the employment history, ownership of stock and options, and reporting structure of its officers and directors to ensure that its Section 272 affiliate is truly independent.
 - (c) SBC and Ameritech must state whether it will make any portion of its official services network available to its Section 272 affiliates, and, if so, on what specific terms and through what specific process.
 - (d) SBC and Ameritech must fully disclose the terms and process that will be used for the selection and hiring of employees from its local operating company for its Section 272 affiliates.
 - (e) Each Section 272 affiliate must publicly disclose detailed information regarding

transactions with nonregulated and other affiliates of SBC/Ameritech to allow for determination of nondiscrimination.

- (f) If SBC and Ameritech are allowed to offer local services or local exchange services through a new affiliate, such an affiliate would be subject to the obligations of ILECs under the Act and be treated as a "dominant carrier" for the provision of interstate services.
- (g) SBC and Ameritech agree that upon receipt of section 271 authority, the Section 272 affiliates shall not No Section 272 affiliate, upon approval of a Section 271 application, shall make long distance carrier recommendations to customers when who are signing up for SBC or Ameritech's local service.
- **Performance Standards and Measures:** SBC and Ameritech shall measure their performance according to the measures established in Version 7 of the Supplier Quality Measurement document published by the Local Competition Users Group ("LCUG") and shall implement the measures according to the definitions and disaggregation specified within LCUG Version 7 plus additional measures not contained in LCUG adopted in certain state proceedings.¹ Additionally, SBC and Ameritech shall amend their measures according to any updated LCUG measures as they are developed or any additional measures adopted by the FCC.
- **Performance Monitoring Reports:**
 - (a) SBC and Ameritech shall, at a minimum, develop and maintain the data necessary to complete Performance Monitoring Reports to report on the LCUG measures according to the definitions and disaggregation specified within LCUG Version 7 (as described above and to include the additional metrics identified above).
 - (b) SBC and Ameritech shall, at a minimum, provide upon request to each carrier purchasing interconnection Performance Monitoring Reports regarding SBC and Ameritech's provision of (i) services to SBC and Ameritech's retail customers in the aggregate; (ii) services and facilities provided to any SBC and Ameritech local exchange affiliate purchasing interconnection (if SBC and Ameritech decide to operate a wholesale carrier); (iii) services and facilities provided to carriers purchasing interconnection in the aggregate; and (iv) services and facilities

¹ These additional metrics are: Percentage On Time Change Management Notice (NY/PA/NJ), Response Time on Right of Way Requests (TX), Bona Fide Requests (TX), Percentage Completed in Standard Interval (CA/PA/NJ), Notice of OSS Outages (CA/PA/NJ), Average Delay Days for NXX Loading and Testing (TX), MTTR NXX Loading Errors (TX), Percentage of Time 10-digit Trigger Applied Prior to LNP Order Due Date (TX), Percent of I-Reports for LNP in X Days (TX), and Provisioning Troubles Before Installation (CA).

provided to individual carriers purchasing interconnection. SBC and Ameritech shall provide the Performance Monitoring Reports for an individual carrier to that carrier only.

SBC and Ameritech shall not request proprietary or confidential treatment of any of its published measures regarding retail data for any of its states, regardless of whether a specific state has deemed the information proprietary or confidential.

- (c) SBC and Ameritech shall ensure that any individually identifiable carrier information contained in the Performance Monitoring Reports is disclosed only to the individual carrier. SBC and Ameritech shall not use any individually identifiable carrier information for any purpose other than providing and reporting on its provision of services and unbundled network elements to the individual carrier.
- (d) SBC and Ameritech shall provide Performance Monitoring Reports to carriers purchasing interconnection from SBC and Ameritech beginning 90 days after Commission approval of the merger and no less than quarterly thereafter. SBC and Ameritech shall make the Performance Monitoring Reports available to the Commission and to state commissions, and shall permit carriers receiving such reports to make the reports available to the Commission and to state commissions, subject to requests for confidential treatment by that carrier.
- (e) SBC and Ameritech shall maintain in its files each quarterly Performance Monitoring Report for a period of three years from publication.
- (f) SBC and Ameritech shall provide access to the available data and information underlying the published measure in order for a carrier receiving Performance Monitoring Reports to verify the accuracy of such reports.
- (g) If SBC and Ameritech are required by a state commission to produce performance reports containing information in addition to information set forth above, SBC and Ameritech also shall provide such reports to the Commission upon request.
- (h) SBC and Ameritech shall develop a detailed narrative description of the processes it employs in responding to calls from: (i) its retail customers, and/or its local exchange affiliate's customers (if SBC and Ameritech decides to operate a wholesale carrier); and (ii) customers of carriers purchasing interconnection. These narrative descriptions shall be made available to carriers purchasing interconnection, the Commission and state commissions upon request.
- (i) The measurements in the Performance Monitoring Reports described herein will cover an area no larger than a single state.

- **Most Favored Nations/Pick and Choose:** SBC and Ameritech shall make available to any requesting CLEC within any state in the combined region any term or condition that it or any its affiliates are obligated to provide to another LEC under an existing interconnection agreement, arbitration decision, or other state ruling in any state throughout the combined SBC and Ameritech region.
- **Reduction in Access Charges:** SBC and Ameritech shall reduce the charges for interstate access to forward-looking economic cost so that SBC and Ameritech's ability to engage in a price squeeze is decreased.
- **Trunking Forecasts:** SBC and Ameritech shall make available to all interested CLECs, SBC and Ameritech's aggregate forecast information and network expansion information/rearrangement plans. The information shall be sufficiently detailed so that CLECs are able to effectively participate in the planning process and to conduct their own network planning when/if facilities shortages materialize.
- **Collocation:** SBC and Ameritech may not require CLECs to bear the cost of "walling off" separate areas for space sharing in cageless collocation arrangements. This cost must be borne by SBC and Ameritech as a cost of doing business.

SBC and Ameritech must give carriers the option of using any of the collocation methods the Commission described in its 706 Order (CC Docket No. 98-147) at TELRIC rates (as described in condition 1).

SBC and Ameritech shall provision collocation in a nondiscriminatory manner and at parity with which they provision collocation for themselves.

- **De-Pic:** SBC and Ameritech shall accept and process all de-PIC orders submitted by a carrier. This shall be completed as soon as possible upon receipt of the de-PIC order, and in any event no later than the industry standard time of 48 hours.
- **PIC Freezes:** SBC and Ameritech shall allow an independent company doing third party verification (TPV), or any other acceptable FCC method of verification, to override existing customer PIC freezes. This means that a customer may affirmatively lift the PIC freeze through the TPV process and is not required to separately notify SBC and Ameritech that it wants the PIC freeze lifted.
- **Customer Proprietary Network Information ("CPNI"):** SBC and Ameritech shall not use its access to CPNI to retain or regain customers lost to the CLECs or to market services to end users in categories other than those categories for which the carrier currently provides service to that customer. Moreover, SBC and Ameritech must ensure that the CLECs have the same instant electronic access to customer information databases and individual CPNI that their own sales or service representatives have. SBC and

Ameritech must provide CLECs with electronic access to an end user's CPNI that is instantaneously accessible at the time the customer provides oral approval for CPNI access. SBC and Ameritech must comply with the Commission's CPNI rules as promulgated and as modified upon reconsideration or further review by the courts.

- **Settlement of all existing complaints:** Prior to completion of this merger, all complaints pending at the FCC against SBC shall be fully resolved.
- **Enforcement:** In order to ensure enforcement of these merger conditions, the Commission will monitor the implementation of each of these conditions. To assist with this effort, SBC and Ameritech shall report quarterly on their continuing compliance with each one of these conditions. Interested parties shall have an opportunity to comment on those quarterly compliance reports. If SBC and Ameritech fail at any time to meet one of the merger conditions, the dispute shall be placed on the Accelerated Docket to ensure fast resolution of disputes regarding these critical conditions. SBC and Ameritech may also be fined \$1 million per day for each condition with which it is out of compliance.
- **Sunset:** There shall be no automatic sunset of these merger conditions.